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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
OF THE STATE OF CALIFORNIA

In the Matter of	)	Application No. 4197
	)	
THE CALIFORNIA COMMISSIONER OF	)	CONSENT ORDER TO:
BUSINESS OVERSIGHT,	)	
	)	(1) DESIST AND REFRAIN FROM
Complainant,	)	VIOLATION OF THE CALIFORNIA
	)	FRANCHISE INVESTMENT LAW;
vs.	)	(2) PAY ADMINISTRATIVE PENALTIES:
	)	AND
ACADEMY LEADERSHIP	)	(3) FILE A NOTICE OF VIOLATION TO
FRANCHISING, LLC	)	FRANCHISEES;
	)	
Respondents.	)	(Corporations Code sections 31303,
	)	31402 and 31406)
	)	
	)	
	)	

This Consent Order (Order) is entered into between the Complainant, Commissioner of Business Oversight (Commissioner) and Respondent, Academy Leadership Franchising, LLC. (Academy Leadership) (collectively, the parties), and is made with respect to the following facts:

**I. JURISDICTION AND VENUE**

1. The Commissioner of the Department of Business Oversight (DBO) is authorized to administer and enforce the provisions of the California Franchise Investment Law, Corporations

1 Code section 31000 et seq. (FIL), and the rules and regulations promulgated thereunder which  
2 control the registration, offer and sale of franchises in California.

3 2. The Commissioner brings this action pursuant to the provisions of FIL, and the rules and  
4 regulations promulgated thereunder, including Corporations Code sections 31303, 31402 and  
5 31406.

6 3. Academy Leadership admits to the jurisdiction of the Department of Business Oversight in  
7 this matter and for the purposes of issuing and enforcing this Order.

## 8 II. STATEMENT OF FACTS

9 4. Academy Leadership Franchising, LLC is a Florida limited liability company organized on  
10 May 13, 2015 with a principal place of business located at 500 South Ocean Drive, 12 D, Juno  
11 Beach, Florida 33408. Academy Leadership was formed for the purpose of offering and selling  
12 franchises that teach leadership skills to adults. The franchises are required to operate under the  
13 trade name "Academy Leadership." The trademarks and tradenames used by Academy Leadership  
14 are owned by Academy Leadership, LLC, a Florida limited liability company affiliated with  
15 Academy Leadership. Academy Leadership has a website located at [www.academyleadership.com](http://www.academyleadership.com).

16 5. Dennis F. Haley is the President and a control person of Academy Leadership and, as such,  
17 is authorized to enter into this Consent Order on behalf of Academy Leadership.

18 6. On or about August 8, 2015 Academy Leadership applied to the DBO for registration to  
19 offer and sell franchises in California pursuant to Corporations Code section 31111. The  
20 application and responses to subsequent comment letters from the DBO to Academy Leadership  
21 indicated the application was filed in part with the intent to convert an existing "licensed affiliate"  
22 of Academy Leadership in California to a registered franchise.

23 7. The Department of Business Oversight (DBO) subsequently informed Academy Leadership  
24 that the DBO had concluded, based on its investigation that; (1) the one "licensed affiliate"  
25 Academy Leadership had already offered and sold in California was in fact, a franchise, despite  
26 being referred to as "license" in the written agreement with the purchaser; (2) Academy Leadership  
27 was never registered to offer and sell franchises by the Commissioner pursuant to the FIL; and (3)  
28 the one franchise previously sold in California as a "license" was sold in violation of Corporations

1 Code section 31110. Based on these conclusions the DBO further informed Academy Leadership  
2 of its intent to commence an administrative enforcement action against Academy Leadership for an  
3 order; (1) requiring Academy Leadership to desist and refrain from offering and selling unregistered  
4 franchises in California; (2) requiring it to provide a notice of violation to all California franchisees;  
5 and (3) imposing a citation for administrative penalties on Academy Leadership for the one  
6 franchise sold in violation of Corporations Code section 31110 ("Enforcement Action").

7 8. Upon being informed of the DBO's intent to commence the Enforcement Action, Academy  
8 Leadership indicated its intent and desire to cooperate fully with the DBO to correct and remedy  
9 any past violations and to consent to the entry of this Order by the DBO for the requested relief  
10 without the need for the DBO to file the administrative action or for further litigation.

11 **III. DESIST AND REFRAIN ORDER AND CITATION FOR PENALTIES FOR**  
12 **VIOLATION OF CORPORATIONS CODE SECTION 31110**

13 9. Jan Lynn Owen, the California Commissioner ("Commissioner") of the Department of  
14 Business Oversight ("DBO"), makes the following findings of law and fact:

15 Corporations Code section 31110 provides:

16 "On and after April 15, 1971, it shall be unlawful for any person to offer  
17 or sell any franchise in this state unless the offer of the franchise has been  
18 registered under this part or exempted under Chapter 1 (commencing with  
section 31000) of this part."

19 Corporations Code section 31406 provides in relevant part:

20 (a) If, upon inspection or investigation, based upon a complaint or  
21 otherwise, the commissioner has cause to believe that a person is violating  
22 any provision of this division or any rule or order promulgated pursuant to  
23 this division, the commissioner may issue a citation to that person in  
24 writing describing with particularity the basis of the citation. Each citation  
may contain an order to desist and refrain and an assessment of an  
administrative penalty not to exceed two thousand five hundred dollars  
(\$2,500) per violation and shall contain reference to this section, including  
the provisions of subdivision (c). All penalties collected under this section  
shall be deposited in the State Corporations Fund.

25 (b) The sanctions authorized under this section shall be separate from, and  
26 in addition to, all other administrative, civil, or criminal remedies.

27 (c) If within 60 days from the receipt of the citation the person cited fails to  
28 notify the commissioner that the person intends to request a hearing as  
described in subdivision (d), the citation shall be deemed final.

10. The Commissioner hereby finds that Academy Leadership engaged in the offer and sale of one franchise in this state which Academy Leadership referred to as a “licensed affiliate” that was subject to registration under the Franchise Investment Law, without the offers first being registered or exempt, in violation of section 31110. Pursuant to Corporations Code sections 31402 and 31406, Academy Leadership, is hereby ordered to desist and refrain from the further offer or sale of franchises in California including but not limited to Academy Leadership “licenses” unless and until the offers have been duly registered under the FIL or are otherwise exempt.

11. The Commissioner pursuant to Corporations Code section 31406, also hereby issues a citation to Academy Leadership and orders Academy Leadership to pay an administrative penalty of \$2,500.00 for the one Academy Leadership franchise sold in California in violation of Corporations Code section 31110.

12. The administrative penalties in the amounts stated above shall be made payable to the Department of Business Oversight and submitted to Kirk Wallace, Senior Counsel, One Sansome Street, Suite 600, San Francisco, California 94104, no later than 15 days from the date of this Order.

#### **IV. ORDER FOR NOTICE OF VIOLATION TO FRANCHISEES PURSUANT TO CORPORATIONS CODE SECTION 31303**

13. Academy Leadership is hereby ordered to comply with the provisions of section 31303 and title 10 of California Code of Regulations, Rule 310.303 within sixty (60) days of this order, by submitting a proposed notice of violation to the Department for review and approval to Dorothy Eshelman, Corporations Counsel, Securities Regulation Division, One Sansome Street, Suite 600, San Francisco, California 94104. Within 30 days of the Commissioner’s approval of the notice of violation, Academy Leadership is hereby ordered to mail a copy of the approved notice of violation to the franchisee in California.

#### **V. ADDITIONAL CONSIDERATIONS**

14. Academy Leadership through its execution of this Order acknowledges that it was served with a copy of the Order. Academy Leadership is aware of its right to a hearing should the Commissioner formalize its enforcement action and hereby waives the right to a hearing, and to any reconsideration, appeal, or other right to review which may be afforded for such actions pursuant to the FIL, the

1 California Administrative Procedure Act, the California Code of Civil Procedure, or any other  
2 provision of law. By waiving such rights, Academy Leadership consents to this Order becoming  
3 final.

4 15. Upon the issuance of this Order, Academy Leadership will amend its pending application for  
5 franchise registration and the franchise disclosure documents submitted therewith to disclose this  
6 Order. Academy Leadership understands that such application must be made in accordance with the  
7 FIL, including the disclosure document required under Corporations Code section 31114. This Order  
8 and Academy Leadership's compliance with it may be considered as a factor in determining the  
9 approval of the pending application in accordance with the provisions of the FIL, or any other  
10 applicable law. Failure to comply with the other terms of this Order will be grounds for the  
11 Commissioner's denial of the application or the revocation of any subsequently effective franchise  
12 registration.

13 This Order is necessary, in the public interest, for the protection of investors and franchisees and  
14 consistent with the purposes, policies and provisions of the Franchise Investment Law.

15 Dated: 5/31/16

JAN LYNN OWEN  
California Commissioner of Business Oversight

18 By \_\_\_\_\_  
19 MARY ANN SMITH  
20 Deputy Commissioner  
21 Enforcement Division

ACADEMY LEADERSHIP FRANCHISING, LLC

22  
23 Dated: 5/18/16

By \_\_\_\_\_  
24 DENNIS F. HALEY  
25 President  
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